

PEACH FUZZ



An exclusive membership newsletter published by California Canning Peach Association the cooperative bargaining association in the canning cling peach industry.

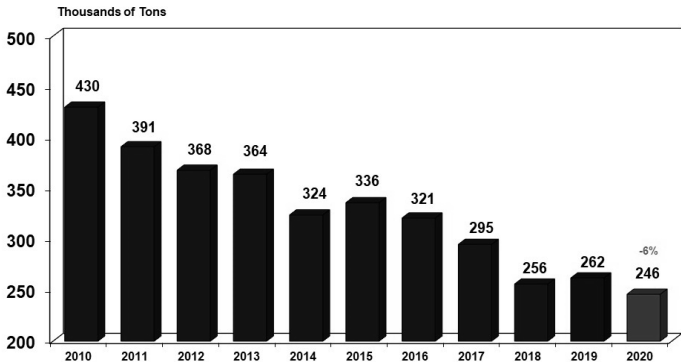
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CALIFORNIA CLING PEACH CROP DOWN 6% FROM LAST YEAR

According to the final 2020 delivery report issued by the California League of Food Producers, cling peach deliveries this year totaled 246,477 tons, which represents a 6% decrease from last year's 262,347 ton crop. The statewide average yield amounted to just 15.4 tons/acre, down 10% from last year's 17.1 ton/acre average yield. This year's 15.4 ton/acre yield is our lowest yield since 2006 when the industry averaged just 13.3 tons/acre. Looking at yields by area, the Yuba/Sutter area averaged 15.0 tons/acre (down 4%) while Modesto averaged 16.1 tons/acre (down 17%) and Kingsburg averaged 16.9 tons/acre (down 10%). The Late varietal group continues to produce the highest yields averaging 17.7 tons/acre while Extra Early's were the lowest with just 12.0 tons/acre (Yuba/Sutter averaged just 10.8 tons/acre). The 2020 crop amounted to an 8% drop from the industry's 267,144 ton Block x Block estimate. The industry's total offgrade for 2020 deliveries amounted to 5.0% compared to a 4.1% offgrade for 2019 deliveries. The biggest factor in our higher offgrade this year was the significant amount of split pits especially in the first part of the harvest. As an example, our offgrade for Loadel and Stanislaus varieties averaged over 8% while our average offgrade for Late Ross and Starn varieties was approximately 4%. We continue to have an unbalanced delivery curve with three varieties (Ross, Late Ross and Starn) representing 48% of total CCPA member delivery volume this year. CCPA members delivered 16% more machine harvested fruit to Del Monte this year while our machine harvested delivery volume delivered to PCP fell by 25%. In total, CCPA member machine harvested fruit deliveries amounted to 14,222 tons (8% of total deliveries). The Yuba/Sutter area averaged 12% machine harvested fruit with Modesto at 2% and the Kingsburg area at 3% of total deliveries. The 2020 canned peach pack in California is projected to be 9.1 million cases, down 6% from year's 9.7 million cases (combined volume of cans & plastic packed fruit.)

**California Cling Peach Delivery Trends
 Total Tons to All Processors**



2020 Season Results

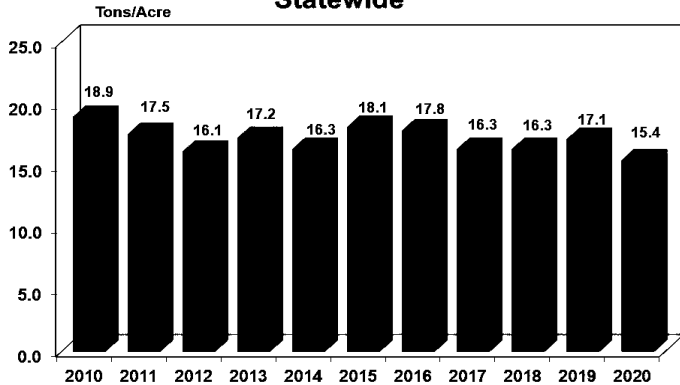
Tonnage by Area

Area	Bearing Acres	Blk x Blk Estimate	2020 Deliveries	% Change vs Estimate	Yield/Acre
Yuba/Sutter	9,690	155,878	145,823	-6%	15.0
Stockton	833	11,738	11,285	-4%	13.5
Modesto	3,919	70,509	63,012	-11%	16.1
Kingsburg	1,560	29,019	26,357	-9%	16.9
TOTALS	16,002	267,144	246,477	-8%	15.4

Tonnage by Varietal Group

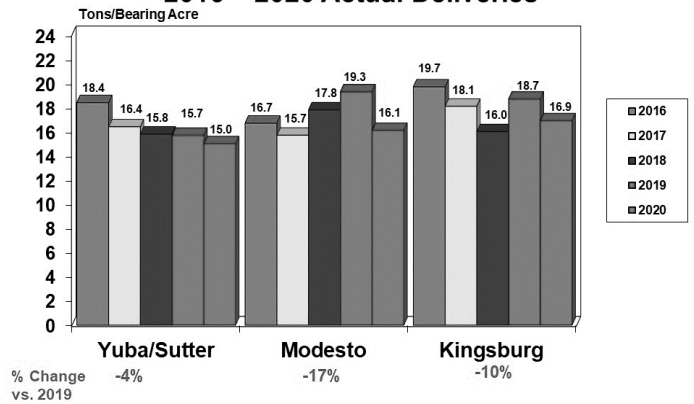
Varietal Group	Bearing Acres	Blk x Blk Estimate	2020 Deliveries	% Change vs Estimate	Yield/Acre
Extra Early	4,051	56,789	48,718	-14%	12.0
Early	3,172	49,952	45,865	-8%	14.5
Late	6,811	127,169	120,762	-5%	17.7
Extra Late	1,968	33,234	31,132	-6%	15.8
TOTALS	16,002	267,144	246,477	-8%	15.4

**California Cling Peach Yield Trends
 Statewide**



10 Year Average Yield: 17.4 Tons/Acre

**California Cling Peach Industry
 Yield/Acre Comparison By Area
 2016 – 2020 Actual Deliveries**



2020 USDA BONUS BUY RESULTS

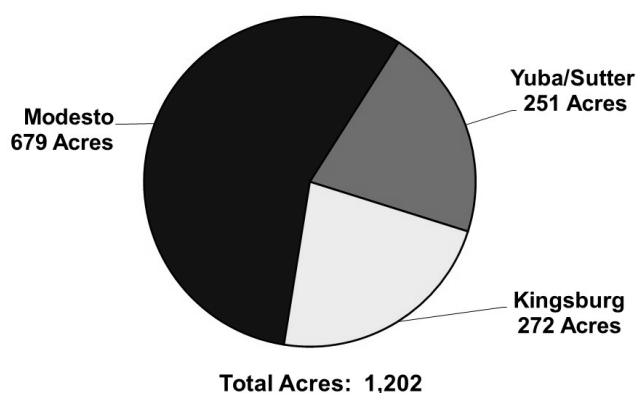
On May 28th, USDA officials announced the results of their \$24.7 million 2020 Bonus Buy of canned peaches and canned mixed fruit for use in various food assistance programs. The purchase amounted to 555,660 cases of 24/300 canned peaches, 502,200 cases of 24/300 mixed fruit and 169,600 cases of 12/29oz canned peaches. Del Monte was awarded 32% of the total purchase and PCP received 68% of the volume. Pricing for both Del Monte and PCP awards for California delivery destinations was higher than 2019 pricing for USDA sales. We very much appreciate the assistance of USDA's Ag Marketing service in getting the Bonus Buy awards announced prior to the start of our 2020 harvest.

RETURN SERVICE REQUESTED

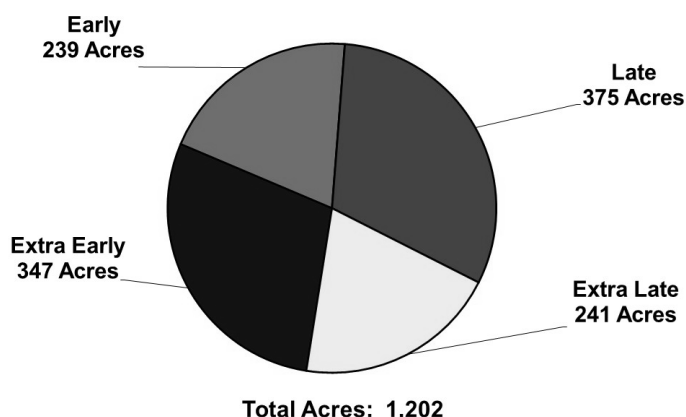
UPDATE ON 2020 CONTRACT EXPIRATIONS

Due to a smaller than anticipated 2020 peach crop, both Del Monte and Pacific Coast Producers have indicated that they plan to recontract a limited number of acres which had contracts expiring following the 2020 season. Growers with Extra Early or Early variety peaches will have the opportunity to sign a 1 year contract for these orchards (PCP doesn't plan to extend Klamath orchards in the Yuba/Sutter or Modesto areas). As of now, neither processor had indicated that they have any intention of contracting any of their expiring Late or Extra Late variety contracts. Both processors plan to continue making efforts to achieve a more balanced delivery curve in the coming years to reduce the need for cold storage during peak delivery volumes. YTD pullouts since harvest as of September 14th total 681 acres with Lates and Extra Lates amounting to half the total acreage pulled. Last year pullouts totaled 749 acres as of mid-October so we are currently close to last year's pace of acreage removals. Several growers who were considering removing older or marginal orchards had elected to defer taking any action until they could learn more about processor's plans on 2020 expiring contracts. Now that contracting plans have been announced, we believe that additional pullouts will now begin to occur. We strongly advise growers with uncontracted Late or Extra Late varieties to pull their orchards this fall. The risk of losing money farming an unsold orchard in 2021 is very high. If you plan on removing acres this fall, please let your CCPA field representative know about your plans.

CCPA Contracts Expiring in 2020
Acreage by Area



CCPA Contracts Expiring in 2020
Acreage by Varietal Group



USDA ANNOUNCES CFAP 2 PAYMENTS FOR GROWERS

On September 18th, President Trump and Secretary of Agriculture Sonny Perdue announced up to \$14 billion in funding for agricultural producers who continue to face market disruptions and increased costs due to COVID-19. Signups began on Monday, September 21st and will run through December 11th. Nearly all specialty crops are eligible to receive payments (including peaches, pears, prunes, almonds, walnuts, and pistachios). Payments will be based on the grower's eligible sales in calendar year 2019 multiplied by a payment factor ranging from 10.6% for sales up to \$50,000 to 8.8% for sales proceeds in excess of \$1 million. Additional information and application forms can be found at farmers.gov/cfap. Producers can also check with your local FSA county office for more information, we encourage every peach grower to participate in this valuable assistance program.

JUNE/JULY CANNED PEACH IMPORTS UP 42%

Canned peach imports for June/July amounted to 846,595 cases, up 42% from the 596,997 cases imported during June & July in 2019. Chinese imports are up 90% to 510,487 cases (60% of total import volume) while canned peach imports from Greece are up 48% representing 35% of total imports. Average prices for Chinese imports are down 19% vs last year-ago levels despite the 25% U.S. retaliatory tariffs which have been in place for more than one year. Interestingly most of the import volume increase this year is occurring in retail size cans and plastic packaging which is up 65% vs just a 14% increase for larger foodservice sizes. According to a survey conducted by Deutsche Bank in May, 41% of Americans say that they will not purchase products Made in China; however, it appears that many consumers fail to recognize that a number of familiar national and store brands (Dole and all others) are continuing to source significant volumes of fruit from Chinese suppliers.